

12m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Seresco (SCO), is a highly diversified Spanish tech company: payroll and personnel administration, consulting and software development, IT infrastructures and systems, digital transformation, and land registry management and cartography. It also operates internationally (15% of revenue in 2023). Government agencies had a 50% weight in the 2023 revenue mix. SCO has been listed on BME Growth since December 2022.

2023: strong top-line growth. The key will be 2024e: Rec. EBITDA of EUR 7Mn (2x 2023).

ONGOING STRONG TOPLINE GROWTH... SCO obtained EUR 42.2Mn of revenue in 2023 (+24% vs 2022). Some of that growth (EUR 1.9Mn) is attributable to the ELO-SI acquisition (February 2023). Revenue highlights by business line include: (i) EUR 15.0Mn from payroll and personnel administration (+29% vs 2022), (ii) EUR 14.2Mn from infrastructure (+32%) and (iii) EUR 3.9Mn from land registry management and cartography (+97% vs 2022).

...RECURRING EBITDA IN LINE WITH ESTIMATES. Recurring EBITDA totalled EUR 3.5Mn (margin: 8.2%; -1.8p.p. vs 2022), held back by: (i) the contraction in gross margin (caused by the shift in business mix) to 82.6% (vs 86.2% in 2022), (ii) the sharp jump in staff costs (+15%; changes in collective bargaining agreement), and above all (ii) the increase in other operating expenses, to EUR 3.9Mn (+95%). For 2024e, we expect considerable margin expansion to 12,5% (+4p.p. vs 2023) due (primarily) to consolidation of M&A.

NET DEBT 2023: EUR 7.6MN (VS EUR 4.5MN IN 2022). This left a net debt/recurring EBITDA multiple of 2.2x. Leverage is conservative for a company in the "lift-off" phase, with positive cash flow. Net profit amounted to EUR 2.0Mn (vs EUR 1.9Mn in 2022).

A POSITIVE (AND WIDE) ROCE-WACC SPREAD. ROCE at year-end 2023 stood at 19.5% (despite the M&A growth strategy pursued by SCO). This left the ROCE-WACC spread at a positive 9%. Even better news is that SCO has plenty of room to continue improving ROCE over the coming years.

2023: EARNINGS IN LINE. 2024E: JUMP IN REVENUE AND PROFITABILITY. For 2024e, we estimate revenue of EUR 55.7Mn and recurring EBITDA of EUR 7.0Mn (2x 2023). This is proof that SCO is a company that is clearly in the lift-off phase, fuelled by: (i) consolidation of M&A deals, (ii) strong growth in land registry management and cartography (contract wins worth USD 15.7Mn for 2024e and 2025e), and (iii) growth in business volumes from existing customers. Therefore, the key is still to watch the trend in revenue and how it feeds through to margins. Truly unlocking the potential implicit in the revenue growth and lifting the EBITDA margin above 13% in 2024e is the crux of the equity story. Our 2024e estimates imply an EV/recurring EBITDA multiple of 7.5x (vs 11.6x for its listed comps). A store of value that seems evident and that a buyer can get through a tech company with a low-risk model.

Market Data

Market Cap (Mn EUR and USD)	44.6	47.7
EV (Mn EUR and USD) ⁽²⁾	52.0	55.8
Shares Outstanding (Mn)	9.6	
-12m (Max/Med/Min EUR)	4.86 / 3.93 / 2.94	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	1.2	
Factset / Bloomberg	SCO-ES / SCO SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁷⁾

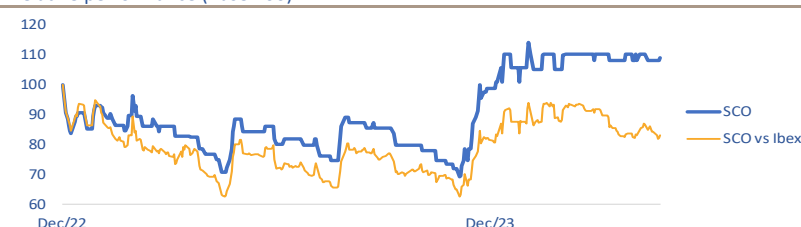
Suarez García Family	61.4
Management	7.5
Tomás Reinares Fernández	5.9
Manuel Angel Busto Riego	5.7
Free Float	19.3

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	9.6	9.6	9.6	9.6
Total Revenues	42.2	55.7	61.5	68.2
Rec. EBITDA	3.5	7.0	8.1	9.2
% growth	2.0	100.8	16.3	13.6
% Rec. EBITDA/Rev.	8.2	12.5	13.2	13.5
% Inc. EBITDA sector ⁽⁴⁾	19.1	10.3	20.7	12.4
Net Profit	2.1	3.3	4.1	5.0
EPS (EUR)	0.21	0.35	0.43	0.52
% growth	9.9	61.6	24.5	21.7
Ord. EPS (EUR)	0.18	0.35	0.43	0.52
% growth	-3.9	90.3	24.5	21.7
Rec. Free Cash Flow ⁽⁵⁾	1.3	3.7	4.5	5.3
Pay-out (%)	28.3	20.0	20.0	20.0
DPS (EUR)	0.06	0.07	0.09	0.10
Net financial debt	7.6	6.7	2.9	-1.7
ND/Rec. EBITDA (x)	2.2	1.0	0.4	-0.2
ROE (%)	32.9	42.4	39.5	34.7
ROCE (%) ⁽⁵⁾	19.5	25.6	29.6	34.4

Ratios & Multiples (x) ⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	21.7	13.4	10.8	8.9
Ord. P/E	25.5	13.4	10.8	8.9
P/BV	6.3	5.2	3.6	2.7
Dividend Yield (%)	1.3	1.5	1.9	2.3
EV/Sales	1.23	0.93	0.85	0.76
EV/Rec. EBITDA	15.0	7.5	6.4	5.7
EV/EBIT	15.8	9.6	8.2	7.1
FCF Yield (%) ⁽⁵⁾	3.0	8.4	10.1	11.8

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.9	-1.3	38.6	3.1	n.a.	n.a.
vs Ibex 35	0.6	-10.9	17.2	-5.2	n.a.	n.a.
vs Ibex Small Cap Index	-2.4	-2.8	33.6	0.8	n.a.	n.a.
vs Eurostoxx 50	3.0	-8.4	22.9	-5.6	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	5.8	-0.5	11.3	-4.5	n.a.	n.a.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Stoxx Europe 600 Technology.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

(7) Others: Treasury Stock 0.2%

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

Seresco (SCO) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

12m Results 2023
Table 1. 2023 Results

EUR Mn	12m23 Real	12m22	12m23 Real vs 12m22	2023e	12m23 Real vs 2023e
Total Revenues	42.2	34.0	24.0%	41.1	2.5%
Recurrent EBITDA¹	3.5	3.4	2.0%	3.8	-7.8%
<i>Rec. EBITDA/Revenues</i>	<i>8.2%</i>	<i>10.0%</i>	<i>-1.8 p.p.</i>	<i>9.1%</i>	<i>-0.9 p.p.</i>
EBITDA¹	3.9	3.5	12.3%	3.8	3.7%
<i>EBITDA/Revenues</i>	<i>9.2%</i>	<i>10.2%</i>	<i>-1.0 p.p.</i>	<i>9.1%</i>	<i>0.1 p.p.</i>
EBIT	3.3	2.7	23.2%	3.3	1.0%
PBT	3.0	2.6	16.3%	2.9	0.8%
NP	2.1	1.9	9.9%	2.4	-12.9%
Net Debt	7.6	4.5	71%	6.6	15%
ND / EBITDA	2.2 x	1.3 x	0.9 x	1.8 x	0.4 x

Note 1: EBITDA and Recurring EBITDA adjusted to exclude the impact of capitalized expenses. In the case of Recurring EBITDA we have also excluded grants.

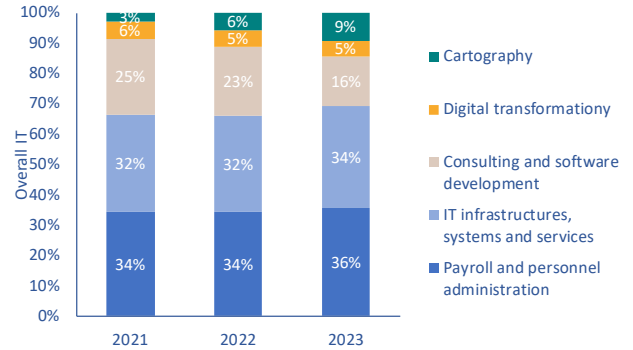
The company in 8 charts

Global IT market (6.8% 2024e), with uneven growth in 2024e led by software (12.7%) and IT services (8.7%)

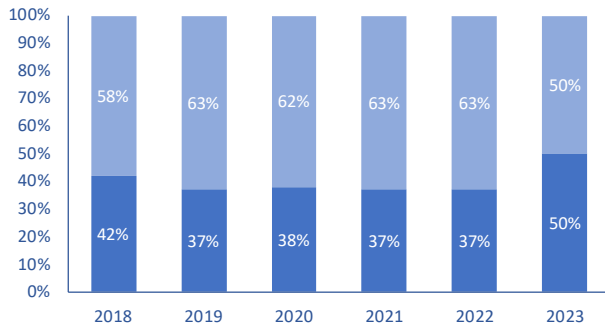
(USD Mn)	2023	2023 Growth %	2024e	2024e Growth %
Data Center Systems	243,063	7.1%	261,332	7.5%
Software	913,334	12.4%	1,029,421	12.7%
Devices	699,791	-8.7%	732,287	4.6%
IT Services	1,381,832	5.8%	1,501,365	8.7%
Communications Services	1,440,827	1.5%	1,473,314	2.3%
Overall IT	4,678,847		4,997,719	6.8%

Source: Gartner

SCO: diversified by both business (focus on proprietary software as a services) ...

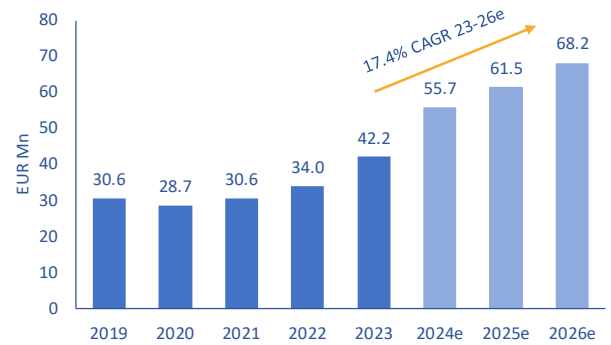


...and client type. In 2023, 50% of sales came from the private sector and the rest from government agencies

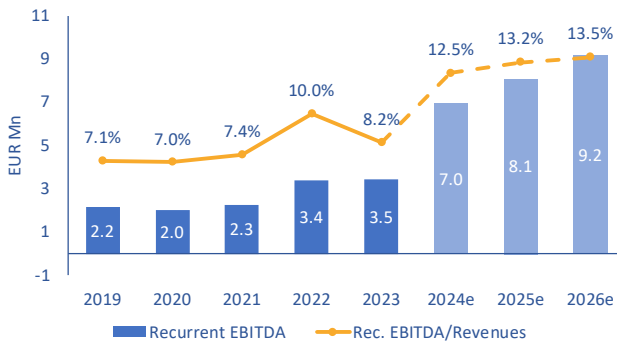


Note: some of its clients include Ence, Airbus, Jacobs, JLL, IDEPA, FEAGA...

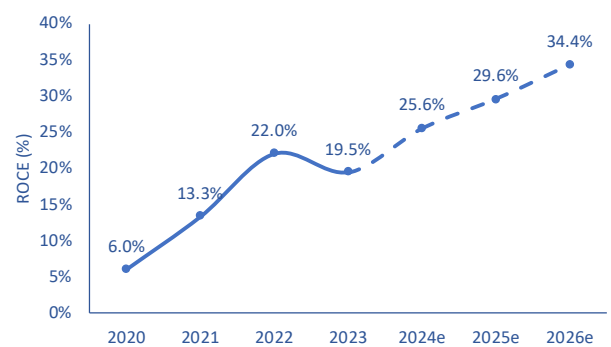
With capacity to deliver organic revenue growth (17.4% CAGR 23-26e)



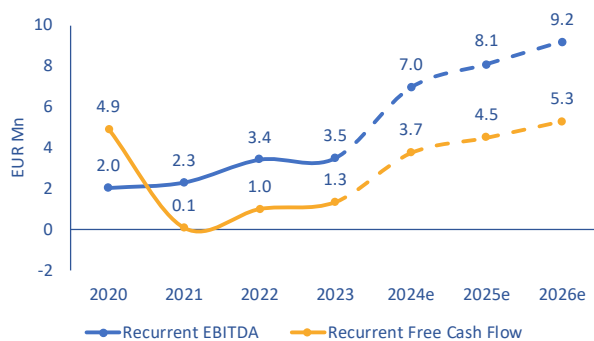
Which should underline a gradual improvement in operating leverage (already visible in 2022) in the 2024e-2026e period...



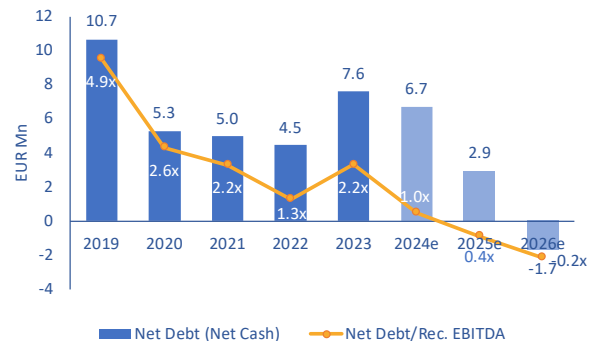
...boosting the return on capital employed (ROCE 19% in 2023)



And lifting recurring free cash flow generation to EUR 5.3Mn in 2026e (vs EUR 1.3Mn in 2023)...



... which would leave the company in a net cash position in 2026e (Deuda Neta EUR -1.7Mn)



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	3.2	4.7	5.5	79.5		
Market Cap	44.6	At the date of this report				
Net financial debt	7.6	Debt net of Cash (12m Results 2023)				
					Best Case	Worst Case
Cost of Debt	6.6%	Net debt cost			6.4%	6.9%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.3%	Kd = Cost of Net Debt * (1-T)			5.1%	5.5%
Risk free rate (rf)	3.4%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.3	B (own estimate)			1.2	1.4
Cost of Equity	11.2%	Ke = Rf + (R * B)			10.0%	12.5%
Equity / (Equity + Net Debt)	85.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	14.6%	D			=	=
WACC	10.4%	WACC = Kd * D + Ke * E			9.3%	11.5%
G "Fair"	2.5%				2.5%	2.0%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Sopra Steria	SOP-FR	4,393.1	11.3	10.3%	7.4	5.8%	0.9	4.6%	12.4%	8.4%	9.0%
Indra	IDR-ES	3,197.4	12.5	13.4%	6.7	10.3%	0.7	6.9%	11.0%	7.3%	8.0%
Izertis	IZER-ES	232.4	31.5	n.a.	11.6	n.a.	1.7	n.a.	14.5%	n.a.	n.a.
Cappemini	CAP-FR	34,711.5	16.6	10.1%	10.0	7.4%	1.6	6.5%	16.2%	5.8%	10.7%
SAP	SAP-DE	209,091.4	36.3	24.5%	22.4	23.1%	5.7	11.4%	25.7%	1.8%	56.0%
Comparables			21.6	14.6%	11.6	11.7%	2.1	7.3%	16.0%	5.9%	20.9%
SCO	SCO-ES	44.6	13.4	23.1%	7.5	14.9%	0.9	10.6%	12.5%	8.4%	36.4%

Free Cash Flow sensitivity analysis (2025e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	14.5%	8.9	5.9x
Central	13.2%	8.1	6.4x
Min	11.9%	7.3	7.1x

B) Rec. FCF sensitivity to changes in EBITDA and CAPEX/sales

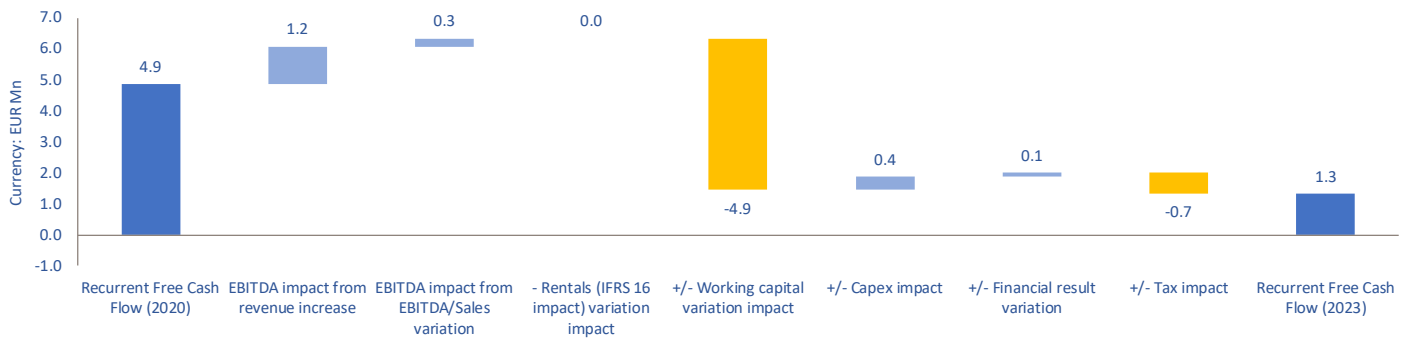
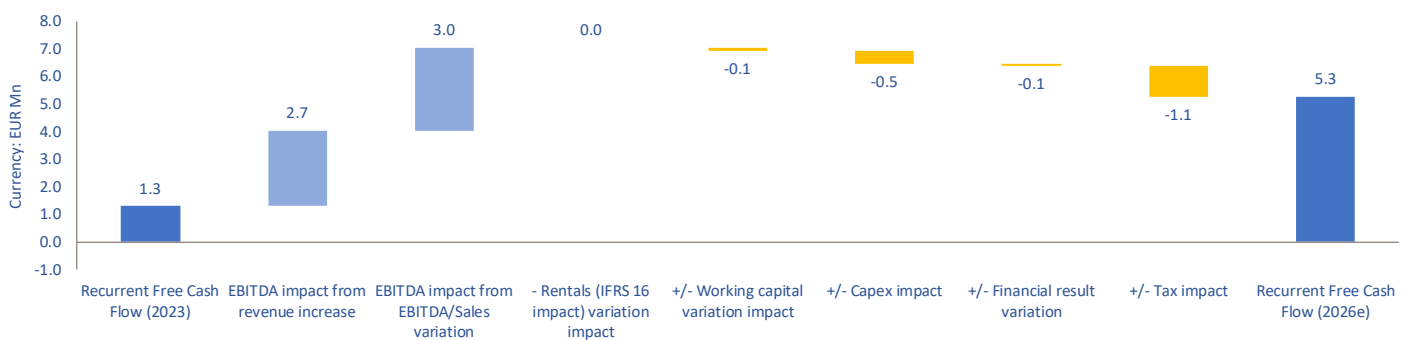
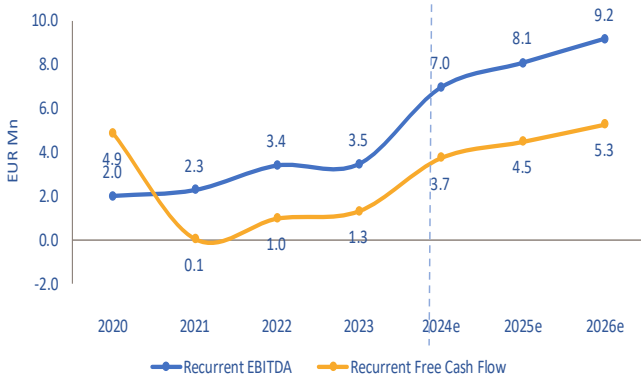
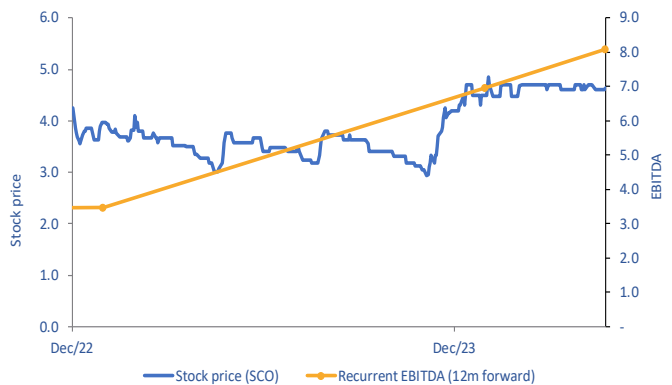
Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	0.9%	1.0%	1.1%		Max	Central	Min
8.9	5.4	5.3	5.2	Max	12.0%	11.9%	11.7%
8.1	4.6	4.5	4.4	Central	10.2%	10.1%	9.9%
7.3	3.8	3.7	3.6	Min	8.4%	8.3%	8.1%

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	0.6	0.4	0.2	0.3	0.3	1.1	0.9	0.4		
Fixed assets	1.1	1.0	1.2	1.2	2.1	2.3	2.4	2.6		
Other Non Current Assets	0.9	0.9	0.6	0.6	0.3	0.3	0.3	0.3		
Financial Investments	0.7	0.5	0.6	0.4	0.3	0.3	0.3	0.3		
Goodwill & Other Intangibles	4.7	4.2	3.7	4.2	8.0	7.2	6.4	5.6		
Current assets	12.4	7.5	8.9	9.6	17.1	17.9	19.7	21.3		
Total assets	20.4	14.5	15.2	16.3	28.3	29.2	30.1	30.5		
Equity	3.5	3.7	3.9	5.4	7.0	8.6	12.3	16.7		
Minority Interests	-	-	-	-	0.5	0.5	0.5	0.5		
Provisions & Other L/T Liabilities	-	-	-	0.0	0.0	0.0	0.0	0.0		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	10.7	5.3	5.0	4.5	7.6	6.7	2.9	(1.7)		
Current Liabilities	6.2	5.4	6.2	6.4	13.1	13.3	14.3	15.0		
Equity & Total Liabilities	20.4	14.5	15.2	16.3	28.3	29.2	30.1	30.5		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	30.6	28.7	30.6	34.0	42.2	55.7	61.5	68.2	8.4%	17.4%
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>-6.1%</i>	<i>6.7%</i>	<i>10.9%</i>	<i>24.0%</i>	<i>32.2%</i>	<i>10.3%</i>	<i>11.0%</i>		
COGS	(3.6)	(3.5)	(4.2)	(4.7)	(7.3)	(9.4)	(10.3)	(11.5)		
Gross Margin	27.0	25.2	26.5	29.3	34.8	46.4	51.1	56.8	6.6%	17.7%
<i>Gross Margin/Revenues</i>	<i>88.2%</i>	<i>87.8%</i>	<i>86.4%</i>	<i>86.2%</i>	<i>82.6%</i>	<i>83.2%</i>	<i>83.2%</i>	<i>83.2%</i>		
Personnel Expenses	(22.1)	(21.4)	(22.1)	(23.9)	(27.4)	(34.9)	(38.0)	(42.0)		
Other Operating Expenses	(2.7)	(1.8)	(2.1)	(2.0)	(3.9)	(4.5)	(5.0)	(5.5)		
Recurrent EBITDA	2.2	2.0	2.3	3.4	3.5	7.0	8.1	9.2	12.4%	38.4%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-7.4%</i>	<i>13.4%</i>	<i>49.0%</i>	<i>2.0%</i>	<i>100.8%</i>	<i>16.3%</i>	<i>13.6%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>7.1%</i>	<i>7.0%</i>	<i>7.4%</i>	<i>10.0%</i>	<i>8.2%</i>	<i>12.5%</i>	<i>13.2%</i>	<i>13.5%</i>		
Restructuring Expense & Other non-rec.	0.1	0.1	0.1	0.1	0.4	-	-	-		
EBITDA	2.3	2.1	2.4	3.5	3.9	7.0	8.1	9.2	14.1%	33.1%
Depreciation & Provisions	(1.1)	(1.2)	(1.0)	(1.0)	(1.3)	(1.8)	(2.0)	(2.1)		
Capitalized Expense	-	-	0.3	0.2	0.7	0.3	0.3	0.3		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	1.2	0.9	1.6	2.7	3.3	5.4	6.4	7.3	29.1%	30.5%
<i>EBIT growth</i>	<i>n.a.</i>	<i>-21.0%</i>	<i>70.4%</i>	<i>67.6%</i>	<i>23.2%</i>	<i>63.9%</i>	<i>17.9%</i>	<i>14.9%</i>		
<i>EBIT/Revenues</i>	<i>3.9%</i>	<i>3.3%</i>	<i>5.2%</i>	<i>7.9%</i>	<i>7.8%</i>	<i>9.7%</i>	<i>10.4%</i>	<i>10.7%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.5)	(0.4)	(0.6)	(0.1)	(0.3)	(0.8)	(0.6)	(0.3)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.7	0.5	1.0	2.6	3.0	4.6	5.8	7.0	43.3%	33.0%
<i>Ordinary Profit Growth</i>	<i>n.a.</i>	<i>-22.5%</i>	<i>76.4%</i>	<i>165.5%</i>	<i>16.3%</i>	<i>55.4%</i>	<i>24.5%</i>	<i>21.7%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	0.7	0.5	1.0	2.6	3.0	4.6	5.8	7.0	43.3%	33.0%
Tax Expense	0.2	(0.2)	(0.5)	(0.7)	(0.8)	(1.3)	(1.6)	(2.0)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>29.5%</i>	<i>52.0%</i>	<i>26.9%</i>	<i>28.1%</i>	<i>28.1%</i>	<i>28.1%</i>	<i>28.1%</i>		
Minority Interests	-	-	-	-	(0.1)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.9	0.4	0.5	1.9	2.1	3.3	4.1	5.0	22.3%	34.8%
<i>Net Profit growth</i>	<i>n.a.</i>	<i>-58.1%</i>	<i>20.3%</i>	<i>304.0%</i>	<i>9.9%</i>	<i>61.6%</i>	<i>24.5%</i>	<i>21.7%</i>		
Ordinary Net Profit	0.6	0.3	0.6	1.8	1.7	3.3	4.1	5.0	31.8%	42.3%
<i>Ordinary Net Profit growth</i>	<i>n.a.</i>	<i>-48.1%</i>	<i>106.4%</i>	<i>193.9%</i>	<i>-3.9%</i>	<i>90.3%</i>	<i>24.5%</i>	<i>21.7%</i>		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA	2.2	2.0	2.3	3.4	3.5	7.0	8.1	9.2	12.4%	38.4%
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
Working Capital Increase	(0.6)	(0.7)	(0.9)	(0.9)	(0.9)	(0.6)	(0.7)	(0.9)		
Recurrent Operating Cash Flow	1.6	1.3	1.4	2.5	2.6	6.4	7.3	8.3	27.8%	46.0%
CAPEX	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	(0.6)	(0.6)	(0.7)		
Net Financial Result affecting the Cash Flow	(0.8)	(0.6)	(0.3)	(0.3)	(0.3)	(0.8)	(0.6)	(0.3)		
Tax Expense	(1.3)	(1.6)	(2.0)	(2.0)	(2.0)	(1.3)	(1.6)	(2.0)		
Recurrent Free Cash Flow	3.7	4.5	5.3	22.3%	58.4%	3.7	4.5	5.3	22.3%	58.4%
Restructuring Expense & Other non-rec.	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2		
- Acquisitions / + Divestures of assets	(1.1)	(0.3)	-	-	-	(1.1)	(0.3)	-		
Extraordinary Inc./Exp. Affecting Cash Flow	-	-	-	-	-	-	-	-		
Free Cash Flow	2.9	4.4	5.5	31.4%	60.3%	2.9	4.4	5.5	31.4%	60.3%
Capital Increase	(1.7)	-	-	-	-	(1.7)	-	-		
Dividends	(0.3)	(0.7)	(0.8)	(0.8)	(0.8)	(0.3)	(0.7)	(0.8)		
Net Debt Variation	(0.9)	(3.8)	(4.7)			(0.9)	(3.8)	(4.7)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	2.0	2.3	3.4	3.5	7.0	8.1	9.2	19.9%	38.4%
<i>Recurrent EBITDA growth</i>	-7.4%	13.4%	49.0%	2.0%	100.8%	16.3%	13.6%		
<i>Rec. EBITDA/Revenues</i>	7.0%	7.4%	10.0%	8.2%	12.5%	13.2%	13.5%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	4.1	(0.5)	(0.6)	(0.8)	(0.6)	(0.7)	(0.9)		
= Recurrent Operating Cash Flow	6.1	1.7	2.8	2.6	6.4	7.3	8.3	-24.2%	46.0%
<i>Rec. Operating Cash Flow growth</i>	253.1%	-71.3%	59.5%	-4.8%	141.2%	15.0%	12.4%		
<i>Rec. Operating Cash Flow / Sales</i>	21.1%	5.7%	8.2%	6.3%	11.5%	11.9%	12.1%		
- CAPEX	(0.6)	(0.6)	(1.0)	(0.2)	(0.6)	(0.6)	(0.7)		
- Net Financial Result affecting Cash Flow	(0.4)	(0.6)	(0.1)	(0.3)	(0.8)	(0.6)	(0.3)		
- Taxes	(0.2)	(0.5)	(0.7)	(0.8)	(1.3)	(1.6)	(2.0)		
= Recurrent Free Cash Flow	4.9	0.1	1.0	1.3	3.7	4.5	5.3	-35.2%	58.4%
<i>Rec. Free Cash Flow growth</i>	187.1%	-98.8%	n.a.	34.1%	182.4%	19.8%	17.5%		
<i>Rec. Free Cash Flow / Revenues</i>	17.0%	0.2%	2.9%	3.1%	6.7%	7.3%	7.7%		
- Restructuring expenses & others	0.1	0.1	-	-	0.3	0.2	0.2		
- Acquisitions / + Divestments	(0.2)	0.4	0.1	(3.9)	(1.1)	(0.3)	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	0.2	(0.2)	-	-	-	-		
= Free Cash Flow	5.4	0.8	0.9	(2.6)	2.9	4.4	5.5	-35.4%	60.3%
<i>Free Cash Flow growth</i>	145.9%	-86.1%	16.9%	-395.2%	213.8%	50.8%	23.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	10.9%	0.1%	2.2%	3.0%	8.4%	10.1%	11.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	12.1%	1.7%	2.0%	n.a.	6.6%	10.0%	12.3%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e		
Recurrent FCF(FY - 1)	(5.6)	4.9	0.1	1.0	1.3	3.7	4.5		
EBITDA impact from revenue increase	(0.1)	0.1	0.2	0.8	1.1	0.7	0.9		
EBITDA impact from EBITDA/Sales variation	(0.0)	0.1	0.9	(0.7)	2.4	0.4	0.2		
= Recurrent EBITDA variation	(0.2)	0.3	1.1	0.1	3.5	1.1	1.1		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	10.2	(4.6)	(0.1)	(0.2)	0.2	(0.2)	(0.2)		
= Recurrent Operating Cash Flow variation	10.0	(4.3)	1.0	(0.1)	3.7	1.0	0.9		
+/- CAPEX impact	0.7	0.1	(0.4)	0.8	(0.3)	(0.1)	(0.1)		
+/- Financial result variation	0.1	(0.2)	0.5	(0.1)	(0.5)	0.2	0.3		
+/- Tax impact	(0.4)	(0.3)	(0.2)	(0.1)	(0.5)	(0.3)	(0.4)		
= Recurrent Free Cash Flow variation	10.5	(4.8)	0.9	0.3	2.4	0.7	0.8		
Recurrent Free Cash Flow	4.9	0.1	1.0	1.3	3.7	4.5	5.3		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	0.9	1.6	2.7	3.3	5.4	6.4	7.3	52.1%	30.5%
* <i>Theoretical Tax rate</i>	29.5%	30.0%	26.9%	28.1%	28.1%	28.1%	28.1%		
= Taxes (pre- Net Financial Result)	(0.3)	(0.5)	(0.7)	(0.9)	(1.5)	(1.8)	(2.1)		
Recurrent EBITDA	2.0	2.3	3.4	3.5	7.0	8.1	9.2	19.9%	38.4%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	4.1	(0.5)	(0.6)	(0.8)	(0.6)	(0.7)	(0.9)		
= Recurrent Operating Cash Flow	6.1	1.7	2.8	2.6	6.4	7.3	8.3	-24.2%	46.0%
- CAPEX	(0.6)	(0.6)	(1.0)	(0.2)	(0.6)	(0.6)	(0.7)		
- Taxes (pre- Financial Result)	(0.3)	(0.5)	(0.7)	(0.9)	(1.5)	(1.8)	(2.1)		
= Recurrent Free Cash Flow (To the Firm)	5.2	0.7	1.1	1.5	4.3	4.9	5.5	-33.7%	54.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	196.6%	-86.5%	55.2%	39.4%	186.9%	14.5%	11.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	17.9%	2.3%	3.2%	3.6%	7.7%	8.0%	8.1%		
- Acquisitions / + Divestments	(0.2)	0.4	0.1	(3.9)	(1.1)	(0.3)	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	0.2	(0.2)	-	-	-	-		
= Free Cash Flow "To the Firm"	5.5	1.3	1.0	(2.4)	3.2	4.7	5.5	-34.6%	62.4%
<i>Free Cash Flow (To the Firm) growth</i>	147.8%	-76.4%	-26.1%	-350.1%	232.2%	46.6%	17.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	9.9%	1.3%	2.1%	2.9%	8.3%	9.5%	10.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	10.6%	2.5%	1.9%	n.a.	6.1%	9.0%	10.6%		

Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

Recurrent EBITDA vs Recurrent Free Cash Flow

Stock performance vs EBITDA 12m forward

Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	44.6	
+ Minority Interests	0.5	12m Results 2023
+ Provisions & Other L/T Liabilities	0.0	12m Results 2023
+ Net financial debt	7.6	12m Results 2023
- Financial Investments	0.7	12m Results 2023
+/- Others		
Enterprise Value (EV)	52.0	

Appendix 4. Main peers 2024e

	EUR Mn	Sopra Steria	Indra	Izertis	Capgemini	SAP	SCO
Market data	Ticker (Factset)	SOP-FR	IDR-ES	IZER-ES	CAP-FR	SAP-DE	SCO-ES
	Country	France	Spain	Spain	France	Germany	Spain
	Market cap	4,393.1	3,197.4	232.4	34,711.5	209,091.4	44.6
	Enterprise value (EV)	5,809.5	3,399.3	265.9	37,363.0	194,911.4	52.0
Basic financial information	Total Revenues	6,359.9	4,601.8	158.4	22,947.3	33,899.7	55.7
	Total Revenues growth	9.6%	6.0%	35.1%	1.9%	8.6%	32.2%
	2y CAGR (2024e - 2026e)	4.6%	6.9%	n.a.	6.5%	11.4%	10.6%
	EBITDA	789.1	504.5	22.9	3,722.9	8,713.9	7.0
	EBITDA growth	16.4%	19.4%	50.3%	13.3%	9.5%	78.6%
	2y CAGR (2024e - 2026e)	5.8%	10.3%	n.a.	7.4%	23.1%	14.9%
	EBITDA/Revenues	12.4%	11.0%	14.5%	16.2%	25.7%	12.5%
	EBIT	610.3	404.6	14.1	3,094.4	7,847.8	5.4
	EBIT growth	32.4%	25.1%	102.6%	19.6%	19.2%	63.9%
	2y CAGR (2024e - 2026e)	4.6%	11.7%	n.a.	8.5%	22.2%	16.4%
	EBIT/Revenues	9.6%	8.8%	8.9%	13.5%	23.2%	9.7%
	Net Profit	342.9	259.1	7.2	2,134.6	5,426.5	3.3
	Net Profit growth	86.7%	25.9%	42.0%	28.4%	49.4%	61.6%
	2y CAGR (2024e - 2026e)	12.1%	13.7%	n.a.	9.8%	23.4%	23.1%
	CAPEX/Sales %	1.6%	1.6%	10.7%	1.5%	2.6%	1.0%
Free Cash Flow	369.3	234.9	n.a.	2,028.7	3,831.2	2.9	
Net financial debt	769.3	34.8	54.1	1,059.7	294.2	6.7	
ND/EBITDA (x)	1.0	0.1	2.4	0.3	0.0	1.0	
Pay-out	30.3%	19.4%	0.0%	28.7%	46.9%	20.0%	
Multiples and Ratios	P/E (x)	11.3	12.5	31.5	16.6	36.3	13.4
	P/BV (x)	2.0	2.5	3.0	2.9	4.6	5.2
	EV/Revenues (x)	0.9	0.7	1.7	1.6	5.7	0.9
	EV/EBITDA (x)	7.4	6.7	11.6	10.0	22.4	7.5
	EV/EBIT (x)	9.5	8.4	18.8	12.1	24.8	9.6
	ROE	17.5	19.7	9.4	17.6	12.6	42.4
	FCF Yield (%)	8.4	7.3	n.a.	5.8	1.8	8.4
	DPS	5.14	0.28	0.00	3.58	2.18	0.07
	Dvd Yield	2.4%	1.6%	0.0%	1.8%	1.3%	1.5%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
26-Apr-2024	n.a.	4.64	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
29-Dec-2023	n.a.	4.50	n.a.	n.a.	Estimates downgrade	Enrique Andrés Abad, CFA
27-Oct-2023	n.a.	3.12	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	3.49	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
04-May-2023	n.a.	3.76	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

